

**State Employee Benefits Advisory Council Meeting
January 2, 2014
Statewide Benefits Office
Dover, Delaware**

The State Employee Benefits Advisory Council met on January 2, 2014 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Faith Rentz, OMB, SW Benefits,
Deputy Director
Brenda Lakeman, OMB, SW Benefits,
Director
Pat Griffin, SEBAC Chair

Marsha Carson, SEBAC, DOS
Mary Cooke, SEBAC, DOE
David Wright, SEBAC, DSEA
Paula Roy, Roy Assoc.

Ms. Griffin called the meeting to order at 3:10 p.m.

Approval of Minutes – (handout)

Ms. Griffin asked for a motion for approval of the October 31, 2013 minutes. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

Update of SEBC Activities

Ms. Rentz reviewed the agenda items from the November 4, 2013 SEBC meeting and explained that the SEBC approved the proposed changes to the Group Health Insurance Program Eligibility and Enrollment Rules to address recent scenarios being brought to the Statewide Benefits Office regarding enrollment and disenrollment related to the Affordable Care Act Marketplace going live in early October 2013. Those changes went into effect on December 1, 2013. She also reminded the Council that the revised July and August Fund & Equity reports were presented to the SEBC along with the September 2013 report. There were no questions from the SEBC regarding the fund balance as of September 30, 2013. A presentation of the Minnesota Life GUL Program was given that included updates on enrollment changes following the open enrollment offering that occurred in the fall of 2012. The SEBC was reminded that GUL rates approved in May 2012 are in effect until December 31, 2015. The SEBC was further advised that the Statewide Benefits Office with assistance from Segal would conduct research in December of other life insurance vendors regarding their interest and ability to bid on a plan design like that which is currently available for State employees, including the portability feature which is available for terminated State employees. More information will be presented to the SEBC in January on the findings as well as a timeline for taking the life insurance benefit to RFP in 2014. Ms. Griffin asked about the SEBC's decision with regards to the FY13 Medicare Retiree Drug Subsidy funds in the amount of \$7.1M. Ms. Rentz advised that the SEBC voted to move the funds to the OPEB Trust less \$300,000 that will remain in the fund pending the final reconciliation.

Ms. Rentz proceeded to review with the SEBAC the agenda items for the upcoming January 6, 2014 SEBC meeting. Copies of the October and November Fund & Equity reports as well as the FY14 Quarter 1 Financial reporting were distributed for reference. It was noted that the fund balance decreased to (\$2.0M) in October and improved slightly in November ending with a (\$185.3) deficit on November 30. Ms. Rentz explained that year to date; the fund has experienced a \$30M loss. A variety of factors have caused this significant decline. Five weeks of claim payments in July and October account for the largest portion of the additional expenditures along with beginning plan year adjustments to the claim liability, minimum reserve and outstanding obligations carried at the bottom of the report. It was also discussed that with the implementation of the Medicare Part D Prescription drug program in January 2014, that the

health fund reduced medical and prescription premiums for Medicare retirees as required to offset the projected rebates, subsidies and reinsurance funds that are associated with the program. Unfortunately, there are varying lag times in when these monies are processed and received by the fund. The Statewide Benefits Office and Segal are working provide more details on the estimates and timing of these monies and will have that available for discussion at the January 24, 2014 SEBC meeting. The FY14 Quarter 1 financials were also reviewed and attention was drawn to additional information being provided in the executive summary to keep the SEBC mindful of how the actual experience compares to the claims experience used when the rates were set in March for the FY14 plan year. Through September 30, 2013, a 1.6% change in the claims experience was realized when compared to the initial projections provided to the SEBC earlier in CY2013. Ms. Griffin commented that it would be helpful to see the actual dollar amounts of the initial projections along with the percentages shown in the summary. This will be discussed with Segal and considered for the FY14 Quarter 2 reporting that will be presented in February 2014.

Discussion also occurred related to the expectation that the fund balance would decline as \$32.0M in surplus funds was approved by the SEBC in March 2012 to cover anticipated expenditures in FY13 and another \$12.5M in March 2013 for expenditures projected through June 30, 2014. While the experience in FY13 was more favorable than expected, the combination of factors previously discussed as well as a larger than normal payment of Highmark claims incurred in FY13 and paid in early FY14 account for the exhaustion of funds. Assuming claims experience remains in line with the initial projections the ending balance should increase slightly as some of the federal government reimbursements begin to flow into the fund in early 2014. In the meantime, additional adjustments will be considered to the bottom of the Fund & Equity reporting to include the estimated but not yet received revenues associated with the Medicare Part D Prescription drug program and hopefully provided to the SEBC as part of the December reporting.

Ms. Lakeman provided the SEBAC with a brief overview of items that she will discuss during the Director's report which included the Flexible Spending Account (FSA) Open Enrollment statistics, Defense of Marriage Act (DOMA) post tax and imputed income refunds processed to employees who cover/covered a same-gender spouse in health benefits during CY2012 and CY2013, DelaWELL early bird incentive payment statistics, updates on the Disability Insurance Program and FSA Request for Proposals, a reminder of the January 2014 Express Scripts formulary changes for the active and non-Medicare population and several DelaWELL initiatives underway and intended to increase awareness of the DelaWELL program.

SEBAC Comments to SEBC

As there are no items on the January 6, 2014 SEBC agenda which will require a vote, SEBAC has no specific comments.

Public Comment

None.

Ms. Rentz asked for a motion to adjourn. Ms. Carson made the motion and Mr. Wright seconded the motion. Upon a unanimous verbal approval, the meeting adjourned at 4:20 p.m.

Respectfully submitted,

Dawn M. Davis
Secretary
Statewide Benefits, OMB